GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2588
ANSWERED ON:17.03.2017
Customs Duty Exemptions
Muddahanumegowda Shri S.P.;Nayak Shri B.V.

Will the Minister of FINANCE be pleased to state:

(a)whether the Government has issued notification to withdraw customs duty exemptions on import of 76 medicines including life saving drugs;

(b) if so, the details thereof;

(c) whether the Government is aware that such move to withdraw exemptions on import of these drugs is likely to increase price of life saving drugs in domestic markets and prove fatal for the health of poor patients;

(d) if so, the details thereof; and

(e) the steps taken/being taken to reconsider the said proposal in the interest of poor patients?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a), (b), (c), (d) & (e): Representations were received from domestic industry stating, inter alia, that the exemption / concessional customs duties on specified drugs deters domestic manufacture of these lifesaving drugs. Accordingly, in consultation with the stakeholders including Ministry of Health and Family Welfare and the Department of Pharmaceuticals, exemption / concessional customs duties on 76 specified drugs was withdrawn, vide notification of the Government of India, Ministry of Finance (Department of Revenue) No. 6/2016-Customs, dated the 28th January, 2016 [G.S.R. No. 124(E) dated 28th January, 2016], so as to eliminate the disadvantage to the domestic manufacturers of such drugs.
Subsequent to the withdrawal of the exemption / concessional customs duties, a Committee comprising of representatives of Ministry of Health & Family Welfare, Department of Pharmaceuticals, Director General of Health Services, Department of Revenue, National Pharmaceutical Pricing Authority, Central Drugs Standards Control Organization, National AIDS Control Programme and experts from All India Institute of Medical Sciences, Safdarjung Hospital and Ram ManoharLohia Hospital, was constituted in the Ministry of Health and Family Welfare to assess the impact of withdrawal of customs duties exemption / concession on the 76 drugs.
Keeping in view the likely impact on the prices and availability of these drugs, Ministry of Health and Family Welfare recommended to restore exemption / concession of customs duties on three drugs, namely, Octreotide; Somatropin; and Anti-Haemophilic factor concentrate VIII & IX. Accordingly, the exemption / concessional customs duties was restored on these 3 drugs vide notification of the Government of India, Ministry of Finance (Department of Revenue) No. 10/2016-Customs, dated the 17th February, 2016 [G.S.R. No. 177(E) dated 17th February, 2016]
Further, the price of drugs included in the National List of Essential Medicines (NLEM) is linked to the increase/ decrease in the Wholesale Price Index (WPI) in terms of Drugs Price Control Order (DPCO), 2013. Most of the drugs in respect of which custom duty exemption has been withdrawn are included in the NLEM, 2015. Since the WPI for the current year is likely to decline, the price of these drugs will also decline. Also, even in respect of non-scheduled drugs, i.e those drugs which are not included in the NLEM and DPCO, the annual increase in the Maximum Retail Price (MRP) cannot be more than 10%.

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